

Shale gas activity reignites

Utica touted as next gas giant; potential high in Potter, Tioga

BY SHARON CORDERMAN

After a quiet lull, activity surrounding natural gas exploration and production is picking up in Potter and Tioga counties. And, once again, the excitement is over a shale formation, this time the Utica shale.

Located a few thousand feet below the Marcellus shale, which caused a leasing frenzy in Pennsylvania a number of years back, the Utica has become the new drilling target after horizontal drilling and hydraulic fracturing procedures made the Marcellus the world's largest natural gas field.

Initial results for Utica shale gas production are promising, with Royal Dutch Shell announcing in September that two Utica well drilled in Tioga County have seen production rates of 11.2 and 26.5 million cubic feet (Mmcf) per day. In October 2013, Seneca Resources reported a peak production rate of 8.5 Mmcf at its Utica well in McKean

County.

Jim Addison, president and CEO of Travis Peak Resources, said the Utica is one of the most prolific plays going right now. His company, which is based in Austin, Texas, is expecting to lease 25,000 to 50,000 acres in Potter and Tioga counties.

Addison said Travis Peak, whose leadership is made up of five men who have spent their careers in the gas industry, differentiates itself by how it treats people. "We approach this business and the people with whom we work with honesty and integrity," he said.

Founded in 2013 by Addison, Clint Calhoun, Jerry Ilseng and George Grunau and joined in January by Ben Ellis, Travis Peak Resources received equity funding from Encap Investments to the tune of \$250 million.

Most private equity-financed exploration and production companies expect to liquidate in three to seven years, usually by selling to a larger company or going public. Addison said his company expects to be around for "a long time."

"I believe the quick build-and-flip is over," he said. "We've got a long-term view. We're building a company

that's sustainable for years to come.

"The team we've put together [now at 12 members] has the complete skill set to execute our plan from start to finish," Addison continued. "We bring with us the technical and operational capabilities of the larger companies from which we came."

Addison and several of his colleagues, including Matt Hood (manager – land) and Jack Cochran (manager – Appalachia), have been in the area in recent weeks holding meet-and-greet events. "We're here to put a face on our project," he said. "We appreciate the opportunity to meet folks in person and tell them our plans." Meanwhile, land service agents working for Travis Peak are also meeting with interested landowners.

Although bonus prices for leasing are down since 2007, Addison said they have come up since last year. He added that the price of gas is also expected to improve in the next three to five years, which affects wellhead price paid to the landowner.

The Utica shale lies at a depth of 8,500 to 12,000 feet and is 300 to 400 feet thick in Potter and Tioga counties. It underlies nearly all of Penn-



The leadership team of Travis Peak Resources, a company actively involved in Utica shale speculation in Potter County, is (L - R) Clint Calhoun, vice president of engineering; George Grunau, senior vice president of exploration; Jim Addison, president and CEO; Ben Ellis, CFO; and Jerry Ilseng, vice president of operations. *photo provided*

sylvania and West Virginia, along with large portions of Ohio, New York and Quebec. It is estimated to contain about 38 trillion cubic feet of natural gas, 940 million barrels of oil, and 208 million barrels of natural gas liquids. According to the U.S. Energy Information Administration, there was approximately 1.46 billion cubic feet per day produced from the Utica in October.

Terry Engelder, a professor of geosciences at Penn State University, told the American Oil and Gas Reporter, an

industry magazine, that when the Marcellus boom hit in northeastern Pennsylvania it revitalized a lot of the small towns there. "While the Marcellus drilling activity will continue for years," he said, "the Utica will extend those wells farther west and revitalize those areas for years to come. The industry is looking for an active drilling period of at least two to three decades."

While the slowdown in gas activity in the Potter and Tioga counties has been driven by a sharp decline in gas

prices, from about \$13 per thousand cubic feet several years ago to less than \$4 now, and by transmission lines already running at capacity, Addison said the combination of increasing prices and several pipeline projects planned over the next few years will turn things around.

Addison said he looks for drilling to begin on Utica wells in this area some time next year or in early 2016.

For more information on Travis Peak Resources, visit www.travispr.com.